



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Sun Bancorp, Inc.

Person to be contacted regarding this report:	Robert B. Crowl
CPP Funds Received:	\$89,310,000
CPP Funds Repaid to Date:	\$89,310,000
Date Funded (first funding):	1/9/2009
Date Repaid ¹ :	4/8/2009

RSSD: (For Bank Holding Companies)	1139242
Holding Company Docket Number: (For Thrift Holding Companies)	N/A
FDIC Certificate Number: (For Depository Institutions)	26240
City:	Vineland
State:	New Jersey

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	
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<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	

<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Please see the final response box for extended answer to Use of Capital.

What actions were you able to avoid because of the capital infusion of CPP funds?

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

On January 9, 2009, Sun Bancorp, Inc., the parent company of Sun National Bank, entered into an agreement with the U.S. Treasury under the Capital Purchase Program (the "CPP"). The CPP funds were part of a larger financial system stabilization effort. Sun Bancorp was well capitalized under regulatory guidelines prior to the receipt of CPP funds but, like many other financial institutions, participated in the CPP program in order to assist with the financial stabilization program. In the ensuing weeks and months additional restrictions and requirements were proposed and enacted affecting all institutions who participated in the CPP. These restrictions began to have a detrimental impact on Sun's ability to manage its talent base and serve its customers. As a result of these restrictions, in March 2009, Sun Bancorp determined that continuing to participate in the CPP was contrary to the best interests of its customers, its shareholders and its employees. Sun Bancorp was well capitalized, in accordance with regulatory standards, prior to the receipt of CPP funds and continued to remain well capitalized subsequent to returning the funds to the U.S. Treasury on April 8, 2009. During the 89 days that Sun Bancorp participated in the CPP, the funds primarily resided in an interest-earning account with the Federal Reserve Bank of Philadelphia. Given the short duration of the participation period the funds were not engaged for lending or other corporate purposes.